



To enrich lives through effective and caring service



Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

March 6, 2008

TO: Small Craft Harbor Commission

FROM: Stan Wisniewski, Director *Stan Wisniewski*

SUBJECT: **COMMISSION AGENDA** – March 12, 2008 Meeting

Enclosed is the Agenda for the March 12, 2008 meeting. Also enclosed are the minutes for your Commission's February 13, 2008 meeting, as well as the reports related to Agenda Items 3a, 3b, 4a, 4b, 5, and 6.

Please feel free to call me at (310) 305-9522 if you have any questions or need additional information.

SW:ks

Enclosures



To enrich lives through effective and caring service



Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

SMALL CRAFT HARBOR COMMISSION

AGENDA

March 12, 2008
9:30 a.m.

BURTON W. CHACE PARK COMMUNITY ROOM
13650 MINDANAO WAY
MARINA DEL REY, CA. 90292

1. Call to Order and Pledge of Allegiance
2. Approval of Minutes: February 13, 2008 Meeting
3. **REGULAR REPORTS**
 - a. Marina Sheriff (DISCUSS REPORTS)
 - Crime Statistics
 - Enforcement of Seaworthy & Liveaboard Sections of the Harbor Ordinance
 - b. Marina del Rey and Beach Special Events (PRESENTATION BY DUSTY CRANE, DIVISION CHIEF, COMMUNITY AND MARKETING SERVICES)
4. **OLD BUSINESS**
 - a. Viewing of Remaining Video Presentation Regarding January 2008 Coastal Commission Meeting (PRESENTATION BY JOHN NAHHAS)
 - b. Parcel 21 (Holiday Harbor) - Approval of Option for Amended and Restated Lease to Facilitate Redevelopment (RECOMMEND TO BOARD OF SUPERVISORS)
5. **NEW BUSINESS**

Regional Planning Report on Coastal Commission's Periodic Review of the Marina del Rey LCP (PRESENTATION BY RON HOFFMAN AND GINA NATOLI, DEPARTMENT OF REGIONAL PLANNING)

6. **STAFF REPORTS**

Ongoing Activities

(DISCUSS REPORT)

- Board Actions on Items Relating to Marina del Rey
- Regional Planning Commission's Calendar
- Change in Small Craft Harbor Commission Calendar
- Minimum Requirements for Liveaboard Status
- Brown Act & SCHC Rules
- New Sublease at Parcel 33R
- Design Control Board Minutes

(DISCUSSION BY
COUNTY COUNSEL)

7. **COMMUNICATION FROM THE PUBLIC**

8. **ADJOURNMENT**

PLEASE NOTE:

1. The Los Angeles County Board of Supervisors adopted Chapter 2.160 of the Los Angeles Code (Ord. 93-0031 § 2 (part), 1993), relating to lobbyists. Any person who seeks support or endorsement from the Small Craft Harbor Commission on any official action must certify that he/she is familiar with the requirements of this ordinance. A copy of the ordinance can be provided prior to the meeting and certification is to be made before or at the meeting.
2. The agenda will be posted on the Internet and displayed at the following locations at least 72 hours preceding the meeting date:

Department of Beaches and Harbors' Website Address: <http://marinadelrey.lacounty.gov>

Department of Beaches and Harbors
Administration Building
13837 Fiji Way
Marina del Rey, CA 90292

MdR Visitors & Information Center
4701 Admiralty Way
Marina del Rey, CA 90292

Burton Chace Park Community Room
13650 Mindanao Way
Marina del Rey, CA 90292

Lloyd Taber-Marina del Rey Library
4533 Admiralty Way
Marina del Rey, CA 90292

Si necesita asistencia para interpretar esta informacion llame al (310) 305-9547.

ADA ACCOMMODATIONS: If you require reasonable accommodations or auxiliary aids and services such as material in alternate format or a sign language interpreter, please contact the ADA (Americans with Disabilities Act) Coordinator at (310) 305-9590 (Voice) or (310) 821-1734 (TDD).

**SMALL CRAFT HARBOR COMMISSION
MINUTES
February 13, 2008**

Commissioners Present

Russ Lesser, Chairman; Vanessa Delgado, MPA, Vice-Chairman, Albert Landini, Ed.D

Commissioners Absent

Christopher Chuang-Lin, PhD

Department of Beaches and Harbors

Stan Wisniewski, Director; Santos H. Kreimann, Deputy Director

County Staff

Jeffrey A. Heintz, Outside Counsel; Beverly Moore, MdR Convention and Visitors Bureau; Lt. Kusch and Deputy John Rochford from the Sheriff's Department

CALL TO ORDER, ACTION ON ABSENCES AND PLEDGE OF ALLEGIANCE

Chairman Lesser called the meeting to order at 9:51 a.m. The Commissioners, staff and members of the public stood and recited the Pledge of Allegiance.

Chairman Lesser spoke about his background in public service, and announced changes in the protocol on how the Small Craft Harbor Commission meetings will be conducted.

APPROVAL OF MINUTES

Chairman Lesser opened the floor to public comments.

A motion was made by Vice Chair Delgado and Seconded by Commissioner Landini to approve the January 2008 minutes. This motion was unanimously approved.

REGULAR REPORTS

ITEM 3a: Marina Sheriff – Crime Statistics

Lt. Kusch called to the attention of the public a rape report, a boat theft, and the commissioning of a new Sheriff patrol boat.

Deputy Rochford stated his report represents an accurate count of liveaboards. The Sheriff's Department is verifying its liveaboards statistics with the Marina dockmasters to ensure accurate data.

Mr. John Nahhas asked what criteria is used to evaluate a liveaboard tenant.

Chairman Lesser asked the Department for a short report about what is required for a legal liveaboard, and what fees are associated with a legal liveaboard.

Chairman Lesser called up

Item 6a, 'Foundation Allegation Regarding Parcel 12 (Esprit I)'

Mr. Eric Wickland, from the Department of Public Works, Building and Safety, was present to give his report. Mr. Wickland stated he had been inspecting Esprit I for the last one and a half years. During the course of inspecting the project, Mr. Wickland had not seen any evidence the project was sinking. Furthermore, Mr. Wickland stated since the waterproof membrane was installed, he had not observed any water intrusion into the project.

Ms. Carla Andrus asked to see a copy of the state code, commented the code is being applied liberally, and spoke about the prior inspector.

Mr. Don Klien spoke about confidentiality and the length of time of construction for this project.

Mr. Nahhas commented about buildings on docks, pylons, and the community planning process.

Mr. Wickland stated the public may not tour the construction site, as it is a hard hat area. In addition, the plans and related documents are proprietary information.

Mr. John Davis spoke about water discharge and the foundation subsidence of the Esprit I project.

Mr. Steve Cordova asked if anyone in the room or the inspector saw any water intrusion on the project. No one responded affirmatively, and Mr. Cordova then stated the allegations regarding Esprit I are rumors.

Ms. Nancy Vernon Marino commented on Mr. Wickland's presentation.

Chairman Lesser stopped Ms. Marino's time, and asked Mr. Wickland if all the inspections had been done, and if the building is properly built to this point. Mr. Wickland answered "that is correct". Chairman Lesser reiterated Mr. Wickland is the building inspector representing the Department of Public Works.

Ms. Marino asked Mr. Wickland if the project was approved with below sea level construction, and asked if surveys have been conducted since the framing was done to ascertain height above sea level.

Mr. Wickland responded the inspection process is very rigorous, there are ongoing tests, and the building is being built according to the approved plans. In addition, there is no subsidence of the buildings.

ITEM 3b: Marina del Rey and Beach Special Events

Dusty Crane reported that Fisherman's Village is continuing their weekend concerts, and Hermosa Beach will have its 56th Annual Sand and Strand Race.

ITEM 3c: Marina del Rey Convention and Visitors Bureau

Director Beverly Moore explained the Bureau's efforts to encourage the travel media to write stories about Marina del Rey. In addition, new writers were introduced to Marina to encourage additional articles about Marina del Rey.

Chairman Lesser opened the floor to public comments.

Mr. Nahhas asked that his fifteen minute video be shown at this point. Chairman Lesser agreed.

Ms. Marino commented on Pier 1 leaving the area.

ITEM 5b: 15 Minute Video Presentation Regarding January 2008 Coastal Commission Meeting

Due to technical difficulties, the computer video file was not viewed in its entirety.

4. Old Business

ITEM 4a: Approval of Amendment No. 12 to Lease No. 6684 to Modify Redevelopment Work and Leasehold Area – Parcel 20 (Panay Way Marina)

Chairman Lesser described the new process of presenting a project to the Small Craft Harbor Commission:

1. Staff will provide a report
2. Proponents will speak
3. Opponents will speak next
4. Proponents will then have the opportunity to rebut

Mr. Kreimann provided a description of the proposed project.

Chairman Lesser opened the floor to proponents:

Mr. Sherman Gardner, representing Goldrich and Kest Industries, commented that he has worked diligently with the Department of Beaches and Harbors in following their procedures, and supports the project.

Mr. Steve Cordova, Staff Commodore, Pacific Mariners Yacht Club, stated he is satisfied with the work Goldrich and Kest is doing in the community, and supports the project.

Mr. Davis insisted on speaking out of order and Chairman Lesser called for the Sheriff to maintain order.

Mr. Larry Koch voiced his support for this project.

Chairman Lesser opened the floor to opponents:

Mr. Davis stated he opposes this project because it would contradict the findings made by the California Coastal Commission regarding amendments and reduction of boat slips.

Ms. Marino stated her opposition to this project, the need for a comprehensive look at all projects, and a master EIR.

Ms. Andrus voiced her opposition to this project.

Mr. David Barish voiced his opposition to this project, due to the congestion that would be created during construction.

Mr. Dan Gottlieb stated his opposition to the project, and the confusion of parcel descriptions.

Mr. David Delange, Executive Director for Coalition to Save the Marina, opposes the relocation of the administration building.

Ms. Ina Barish commented the DCB stated it was inappropriate to place the Administrative Building on prime real estate overlooking the water, and is opposed to this project.

Mr. Wisniewski commented this transaction is being looked at from a proprietary standpoint, and the regulatory implications are not being considered now. The California Coastal Commission's periodic review recommendations are being prepared by the Coastal Commission staff. Once the recommendations are adopted, they will be provided to the County. Then, the Department of Regional Planning will hold public hearings in Marina del Rey, and make recommendations to the Regional Planning Commission and the Board of Supervisors on how to respond to the Coastal Commission.

Chairman Lessor opened the floor to proponents:

Mr. Frank Hickman from Goldrich and Kest, offered to hold public meetings to share ongoing progress on a monthly basis.

Vice Chair Delgado asked for clarification of Capri approval for this project.

Mr. Kreimann explained this would allow the construction of a yacht club to be transferred to Parcel 21.

Commissioner Landini commented the proponents should have had a site plan and a map of the surrounding area. In addition, the Commission is charged with looking at the adequacy of the financial aspect of the transaction.

Vice Chairman Delgado made a motion to approve, Seconded by Commissioner Landini. The motion was unanimously approved.

ITEM 4b: Parcel 21 (Holiday Harbor) - Approval of Option for Amended and Restated Lease to Facilitate Redevelopment

Chairman Lessor stated, in the spirit of complete openness, he met with the applicant for 35 minutes to discuss the project. Chairman Lesser told the applicant the plan submitted at the last meeting was unacceptable, and the applicant should have a modified plan for the next meeting.

Mr. Kreimann provided a description of the proposed project.

Chairman Lesser opened the floor to proponents:

Mr. Sherman Gardner, representing the applicant, stated the revised plan eliminated any slips over 35 feet, based on concerns raised by the boaters.

The marine engineer for the project spoke about ADA slips and reconfiguring slips for the project.

Commissioner Landini asked how many final slips are on the chart. The marine engineer responded 103. Commissioner Landini then asked how many slips were available prior to the chart. The answer given was 148.

Chairman Lesser asked how many boats are in the marina.

Mr. Gardner replied due to liability issues, there is one boat allowed in a double slip.

The marine engineer accounted for some of the slip losses due to ADA rules, space for the water taxi and pump-out station, and the design of wider slips for power boats due to DBAW standards.

Chairman Lesser asked County Counsel about ADA standards prior to the meeting, and read the following response to be included in the record:

When Mr. Nahhas says there is no ADA standards, he is right to the extent the U.S. Department of Justice has been working on dock standards for ADA compliance for sometime, but they have not been approved. That does not mean that new facilities does not have to comply with ADA. It's just that no uniform standards have been promulgated So, local jurisdictions are left to impose their own requirements. The County building code contains ADA compliant access standards and that is what the lessees has to comply with when reconstructing the docks in order to obtain their building permits. ADA compliance is not optional, as Mr. Nahhas implies. It is a requirement of the building code.

Commissioner Landini asked about the financial aspect, and Mr. Wisniewski replied the Board Letter gives a summary of the terms.

Commissioner Lesser stated he had a copy of a settlement agreement between the applicant's organization and the Coalition to Save the Marina, whereby in exchange for a sum of money, the Coalition to Save the Marina would not oppose the development on Parcels 20, 21 and OT.

Mr. Gardner responded that it was in the best interest of the project to avoid further delays by settling the lawsuit.

Chairman Lesser opened the floor to opponents:

Mr. Davis stated County Counsel gave fraudulent advice to the Commission regarding the Brown Act, and this project is not in conformance with U.S. public law 780.

Mr. Jerry Redman commented on the count of boats in double slips, and the need for an actual count of boats.

Ms. Andrus voiced her opposition to this project and missing slips.

Ms. Marino commented the project would need an LCP amendment, removal of parking lots, and opposition to the project.

Chairman Lesser commented that approval of a project by the SCHC symbolizes a tacit approval of the development, however, the project does not go forward if approvals from other agencies are not obtained.

Mr. Bill Vreszk stated there is collateral damage whenever something is built.

Mr. Dan Gottlieb commented on the names of the parcels.

Mr. Barish commented on the number of boats in the double slips on Parcel 21, and the number of parking spaces.

Mr. Nahhas, while showing photos through a projector, spoke about slip sizes, slip reductions, pump-out stations, affordable boating and double wide slips.

Chairman Lesser responded that valid points had been raised, and this project should be carried over to the next meeting so the following questions can be answered;

1. How many boats are in the slips?
2. When the slips are torn up during construction, what plan will be instituted to accommodate the existing tenants?
3. How many additional slips can be added by narrowing the slips for sailboats?

Mr. Gardner stated the marina has outlived its useful life, and reduced the slip sizes to accommodate the boaters.

Mr. Wisniewski stated the Department does not support double slips anymore, and the applicant has made reasonable accommodations in this project.

Chairman Lesser made a motion to carry the item over to thirty days, Seconded by Commissioner Landini. The motion was unanimously approved.

ITEM 5a: Parcel 47 (Santa Monica Windjammers Yacht Club) - Approval of Lease Agreement

Mr. Kreimann provided a description of the proposed project.

Chairman Lesser opened the floor to proponents:

Mr. Davis stated his approval for this item, and discussed the Brown Act.

Ms. Marino stated her approval for this item.

Mr. Cordova stated his approval for this item.

Mr. Nahhas stated his approval for this item.

Mr. Koch stated his approval for this item.

Chairman Lesser opened the floor to opponents:

No one spoke in opposition.

Commissioner Landini asked about the financial aspect of this item.

Mr. Wisniewski explained the economic consultant will prepare a memorandum addressing the economic points of this deal.

Vice Chair Delgado made a motion to approve, with the stipulation that a memorandum by the economic consultant be attached. Seconded by Commissioner Landini. The motion was unanimously approved.

ITEM 6a: Ongoing reports.

Chairman Lesser opened the floor to public comments:

Mr. Davis spoke about the LCP, and minimum rent payments of Parcels 12 and 15.

Mr. Barish spoke on Esprit II being in material breach due to the delay in the start of construction.

Ms. Marino spoke on the LCP periodic review and the Regional Planning calendar.

Mr. Nahhas spoke about the County's equipment.

Mr. Davis commented on County Counsel, market rates and rent control.

Ms. Marino spoke about ex parte disclosure and Chairman Lesser's qualifications.

Mr. Delange spoke about the definition of 'findings' and 'recommendation', and the authority of the Small Craft Harbor Commission.

Ms. Andrus asked about the elimination of dock 3700 on Parcel 21,

Mr. Nahhas spoke on community interaction and follow up.

Patricia Ray spoke about her civil rights.

ADJOURNMENT

Chairman Lesser adjourned the meeting at 1:18 p.m.

Respectfully submitted by:

R. L. Frisch
on behalf of the Commission Secretary

LOS ANGELES COUNTY SHERIFF'S DEPARTMENT

MARINA DEL REY STATION

PART I CRIMES- FEBRUARY 2008



Community Advisory Committee	Upper Ladera 2764	Lower Ladera 2766
Homicide	0	0
Rape	0	0
Robbery: Weapon	0	2
Robbery: Strong-Arm	0	0
Aggravated Assault	0	1
Burglary: Residence	1	3
Burglary: Other Structure	0	2
Grand Theft	1	2
Grand Theft Auto	0	0
Arson	0	0
Boat Theft	0	0
Vehicle Burglary	1	3
Boat Burglary	0	0
Petty Theft	0	1
Total	3	14

Note- The above numbers may change due to late reports and adjustments to previously reported crimes.

Source- LARCIS, **Date Prepared** MARCH 3, 2008
CRIME INFORMATION REPORT - OPTION B

LOS ANGELES COUNTY SHERIFF'S DEPARTMENT

MARINA DEL REY STATION

PART I CRIMES-FEBRUARY 2008



Part I Crimes	MARINA AREA	EAST END
	(RD'S 2760-2763)	(RD'S 2764-2768)
Homicide	0	0
Rape	0	0
Robbery: Weapon	0	2
Robbery: Strong-Arm	1	1
Aggravated Assault	1	5
Burglary: Residence	1	7
Burglary: Other Structure	3	5
Grand Theft	3	8
Grand Theft Auto	1	3
Arson	0	0
Boat Theft	0	0
Vehicle Burglary	8	12
Boat Burglary	3	0
Petty Theft	6	2
Total	27	45

Note- The above numbers may change due to late reports and adjustments to previously reported crimes.

Source- LARCIS, **Date Prepared -**MARCH 3, 2008
CRIME INFORMATION REPORT - OPTION B



**LOS ANGELES COUNTY SHERIFF'S DEPARTMENT
MARINA DEL REY STATION
PART I CRIMES-FEBRUARY 2008**



	West Marina 2760	East Marina 2761	Lost R.D. 2762	Marina Water 2763	Upper Ladera 2764	County Area 2765	Lower Ladera 2766	Windsor Hills 2767	View Park 2768	TOTALS
Homicide										0
Rape										0
Robbery: Weapon							2			2
Robbery: Strong-Arm		1						1		2
Aggravated Assault	1						1	1	3	6
Burglary: Residence	1				1		3	1	3	8
Burglary: Other Structure	2	1					2	1	2	8
Grand Theft	2	1			1		2	4	1	11
Grand Theft Auto	1							3		4
Arson										0
Boat Theft										0
Vehicle Burglary	7	1			1		3	4	4	20
Boat Burglary	1			2						3
Petty Theft	1	5					1	1		8
REPORTING DISTRICTS										
TOTALS	16	9	0	2	3	0	14	16	12	72

Note- The above numbers may change due to late reports and adjustments to previously reported crimes.

Source- LARCIS, Date Prepared -MARCH 3, 2008
CRIME INFORMATION REPORT - OPTION B

MARINA DEL REY HARBOR ORDINANCE SEAWORTHY & LIVEBOARD COMPLIANCE REPORT 2008

	January	February
Liveaboard Permits Issued (NEW)	1	2
(RENEW)	<u>5</u>	<u>4</u>
Total	<u>6</u>	<u>6</u>
Notices to Comply Issued	0	7

<u>Totals</u>	<u>Last Meeting</u>	<u>Present</u>
Liveaboards:	344	343
Current Permits:	112	106
Expired Permits:	93	104

Total reported vessels docked in Marina del Rey Harbor: 4,690

Percentage of vessels that are registered liveaboards: 7.3%

No new citations were issued for violations of 19.12.1110 L.A.C.C. (liveaboard permit) or 19.12.1060 L.A.C.C. (un-seaworthy vessel) in the months of July and August.

Number Of Impounded Vessels Demolished

To date, two hundred thirty-six (238) vessels have been removed from the marina for disposal, three (5) of those in 2008. Currently, three (1) vessels are awaiting disposal.



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March 6, 2008

Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

TO: Small Craft Harbor Commission

FROM: Stan Wisniewski, Director *Stan Wisniewski*

SUBJECT: **AGENDA ITEM 3b- MARINA DEL REY AND BEACH SPECIAL EVENTS**

MARINA DEL REY EVENTS

OPENING DAY CEREMONIES 2008

Marina del Rey Yacht Clubs
Saturday, March 15 – Sunday, March 16

The yacht clubs of Marina del Rey will be celebrating the opening of the yachting season on March 15 and 16. Contact the clubs for their schedule of events during this weekend.

California Yacht Club:
www.calyachtclub.com
(310) 823-4567

Pacific Mariners Yacht Club:
www.pmyc.org
(310) 823-9717

Del Rey Yacht Club:
www.dryc.org
(310) 823-4664

Santa Monica Windjammers Yacht Club:
www.smwyc.org
(310) 827-7692

Marina Venice Yacht Club:
www.mvyc.org
(310) 822-9082

South Coast Corinthian Yacht Club:
www.sccyc.org
(310) 306-2787

MARINA DEL REY OUTDOOR ADVENTURES 2008

Sponsored by the Los Angeles County Department of Beaches and Harbors
Burton Chace Park ♦ 13650 Mindanao Way ♦ Marina del Rey ♦ Ca ♦ 90292

Bird Watching Experience Program

Thursdays, March 27 and May 15 at 4:00 pm
&

Thursdays, April 24 and June 26 at 9:00 am

County-sponsored bird watching walk for adults is a free two-hour walk, which will take place at various sites in the Ballona Wetlands. Meet at the Burton Chace Park, Community Room. Participation, parking and transportation to the tour site is free. Pre-registration is a must! To register, please call (310) 628-2135.

Harbor Kayaking Program

Saturdays

March 29, April 26, May 17, June 28, September 27, October 25 and November 22
11:30 am – 1:45 pm

Come and take a kayaking lesson in the Marina del Rey harbor. This two-hour session begins with Los Angeles County Lifeguard kayak and water safety instruction. The group will then have the opportunity to enjoy Marina del Rey's basins. This is a great opportunity for families to have a fun and educational day in Marina del Rey.

Program requires pre-registration. Fees are currently \$25 (youths 10–18) and \$30 (19 or older), but may increase. Fees must be paid upon registering.

Surf Kayaking Program

Saturdays

March 29, April 26, May 17, June 28, September 27, October 25 and November 22
8:00 – 11:00 am

Los Angeles County Department of Beaches and Harbors is offering a Surf Kayaking program. Participants will get the opportunity to kayak through the Marina del Rey harbor and head out to the North Jetty, where they will surf the waves aboard sit-on-top kayaks. Los Angeles County Ocean Lifeguards will instruct the outing.

Program requires pre-registration. Fees are currently \$25 (youths 10–18) and \$30 (19 or older), but may increase. Fees must be paid upon registering.

For all Outdoor Adventure Programs call: Burton Chace Park at (310) 305-9587.

FISHERMAN'S VILLAGE WEEKEND CONCERTS

Sponsored by Pacific Ocean Management, LLC

All concerts are from 1:00 – 4:00 pm

Saturday, March 8

Blue Breeze, playing Smooth Jazz

Sunday, March 9

2 AZZ 1 Body & Soul Band, playing Smooth Jazz

Saturday, March 15

Kid & Nic Show, playing American Pop

Sunday, March 16

Elliott Cane Quintet Jazz, playing Latin Jazz

Saturday, March 22

Upstream, playing Reggae & Caribbean Roots

Sunday, March 23

LA CAT, playing Reggae

Saturday, March 29

Swing Syndicate, playing Swing Standards

Sunday, March 30

Crown City Bombers, playing Rock & Roll Blues

For more information call: Pacific Ocean Management at (310) 822-6866.

BEACH EVENTS

Beach Boom Boomerang Tournament (New)

City of Hermosa Beach
Saturday, March 22, 2008

This is a new, one-day, event for the City. The United States Boomerang Association produces the tournament that uses two or three throwing circles drawn in the sand. The tournaments are open to the public and observers are encouraged to try their hand at throwing and catching a returning boomerang. For more information: Call (310) 318-0280.

Triple Crown Showdown Surf Contest (New)

City of Hermosa Beach
Saturday, April 5, 2008

This is a new, one-day, event for the City. Surf and boogie board contests will take place south of the Pier and include all levels and ages. For more information: Call (310) 318-0280.

SW:DC:ks



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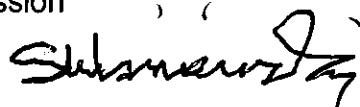


March 6, 2008

Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

TO: Small Craft Harbor Commission

FROM: Stan Wisniewski, Director 

SUBJECT: **AGENDA ITEM 4a – VIEWING OF REMAINING VIDEO
PRESENTATION REGARDING JANUARY 2008 COASTAL
COMMISSION MEETING**

At your February 13, 2008 Small Craft Harbor Commission (SCHC) meeting, a video showing comments made by members of the California Coastal Commission (CCC) on the Marina del Rey Local Coastal Program periodic review was presented by Mr. John Nahhas. Unfortunately, the video was not viewed in its entirety due to some technical difficulties with the file. As a result, your Commission agreed to provide Mr. Nahhas additional time to present the remainder of his video at this month's meeting.

In order to ensure the video can be viewed without disruption, we contacted Mr. Nahhas via e-mail to request that he provide staff with a DVD copy of the video so that we can preload it onto the County's laptop and test it for compatibility. At the time of the mailing of the SCHC meeting package this evening, however, Mr. Nahhas has yet to provide a copy of the DVD video to staff. Nevertheless, we will try to contact and continue to work with Mr. Nahhas to have the video available for viewing as scheduled. However, to the extent Mr. Nahhas is unable or unwilling to provide an advance copy of the video in DVD format by Monday of next week, we cannot guarantee viewing of the video without incident.

SW:ks



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March 6, 2008



Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

TO: Small Craft Harbor Commission

FROM: Stan Wisniewski, Director

**SUBJECT: ITEM 4b – APPROVAL OF OPTION FOR AMENDED AND
RESTATED LEASE TO FACILITATE REDEVELOPMENT –
PARCEL 21 (HOLIDAY HARBOR) - MARINA DEL REY**

Item 4b on your agenda pertains to an option to extend the Parcel 21 (Holiday Harbor) lease, which was previously considered by your Commission on two separate occasions. The proposed project entails the development of a new 108 slip marina and a parking structure (56 feet in height) for 447 cars that also contains 29,000 square feet of commercial space. For your convenience, we have attached a copy of the Board letter that explains the details of the proposed transaction, including the need for the lessee to pursue a Local Coastal Program (LCP) amendment to relocate 94 public parking spaces from Parcel OT to Parcel 21, as well as a development permit modification to transfer the yacht club and marine commercial uses from Parcel 20 to Parcel 21. The exhibits to the Board letter include a copy of the proposed Option to Amend Lease Agreement and a copy of the proposed Amended and Restated Lease Agreement, both of which reflect changes made in response to discussions at last month's meeting. Most significant of the changes is that lessee be required to relocate the 94 public parking spaces from Parcel OT onto Parcel 21 without the ability to petition for relief from this requirement. For a more detailed history and background of the project please read the attached Addendum.

While we recognize that the California Coastal Commission (CCC) at its January meeting included a recommendation as part of its periodic review of the Marina LCP to oppose any reduction in the number of slips sized 35 feet and under, we are recommending approval of the option and lease extension agreement for Parcel 21 in order to conclude the proprietary phase of the development and allow the project to proceed to the regulatory phase, at which time the regulatory agencies including the CCC will evaluate the project, including the dock plan, on its merits.

Your Commission's endorsement of the Chief Executive Officer's recommendation to the Board of Supervisors as contained in the attached letter is requested.

SW:SHK;jg

Attachments

April 8, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF BEACHES AND HARBORS: APPROVAL OF OPTION FOR
AMENDED AND RESTATED LEASE TO FACILITATE REDEVELOPMENT –
PARCEL 21 (HOLIDAY HARBOR) - MARINA DEL REY
(4th DISTRICT)
(4 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed Option to Amend Lease Agreement, attached as Exhibit A, is categorically exempt under the California Environmental Quality Act pursuant to classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Approve and authorize the Chair of the Board to sign the attached Option to Amend Lease Agreement granting to the current lessee, upon fulfillment of stated conditions, the right to extend the terms of its existing ground lease on Parcel 21 by 39 years.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Parcel 21 lessee, Goldrich & Kest Industries ("Lessee"), has an affiliate that is the prospective Parcel OT lessee. As part of the Parcel OT development plan, a portion of the required replacement public parking is to be placed in a parking garage to be constructed on Parcel 21. Additionally, the Department of Beaches and Harbors ("Department") desires to reacquire a portion of Parcel 21 to expand a County-owned public parking lot (Parcel GR) serving the Marina Beach. Accordingly, an agreement was negotiated with Lessee for the redevelopment of the Parcel 21 property.

The proposed Option to Amend Lease Agreement ("Option"), attached as Exhibit A, will allow Lessee to exercise its option and receive the benefits of the Amended and Restated Lease ("Restated Lease") attached as Exhibit B, upon demonstration that it has satisfied all of the conditions for exercise contained in the Option and has received all planning, zoning, environmental and other entitlement approvals required to be obtained from governmental authorities for the construction of the redevelopment

project.

Whether or not ultimately exercised, the Parcel 21 Option puts into effect modern lease provisions that have been negotiated in new and extended leases previously presented for your Board's consideration, including: a) reimbursement of County negotiating costs; b) payment of a non-refundable \$100,000 option fee (which shall be credited against the extension fee if the Option is exercised); c) establishment of a sinking fund to remove leasehold improvements at lease termination; d) modernized "baseball" type arbitration; e) lease assignment and ownership disclosure requirements; f) a 6% late fee plus interest for any late payments; g) security deposit in the amount of 3 months' minimum rent; h) new insurance requirements with insurance levels renegotiated each 5th lease anniversary date; i) County approval rights over construction plans and specifications; j) CPA-certified annual gross revenue reports; k) required maintenance in conformance with Marina standards; and l) liquidated damages of \$100 per day (adjusted for inflation) per cited maintenance deficiency for each deficiency that remains uncorrected after a specified cure period.

If the Option is exercised, in addition to the terms identified just above, the Restated Lease for Parcel 21 also provides for a 39-year lease extension; payment of a \$100,000 lease extension fee (already paid as a non-refundable option fee); demolition of the existing landside improvements; construction of a new commercial building containing not less than 29,000 square feet and an attached 56 feet high parking structure of 447 parking spaces to accommodate boater parking for not only Parcel 21, but also Parcel 20 (the leasehold of another Lessee affiliate), parking for the commercial uses in the new commercial building, and 94 replacement public parking spaces from Parcel OT; complete dock replacement of the existing 182 slips with 108 new slips [Note the lessee's calculation, as illustrated on the proposed plans, indicates the existing anchorage to consist of 148 slips, not 182 slips as we have presented, based on the lessee's belief that each double slip should be counted as one slip rather than two slips]; construction and maintenance of a new waterfront promenade; reconveyance to County at a specified date of the westerly 207 feet of the current leasehold to be used for additional public parking; establishment of a Capital Improvement Fund to be funded by amounts equal to 1.0% of gross revenues derived from the leasehold for years 4 and 5 following completion of the improvements, 1.25% of gross revenues derived from the leasehold for years 6 through 10 and 1.5% of gross revenues thereafter; establishment of a Renovation Fund in the amount of 1.0% of gross revenues annually that must be fully expended to physically reposition the project to then current market requirements between 2034 and 2036, with funding ceasing thereafter; a second complete replacement of the anchorage improvements between years 30 and 35 after the effective date of the Restated Lease; County participation in leasehold sale and/or refinance; County right to recapture the leasehold if the Lessee pursues its sale; and other miscellaneous improvements to the lease (e.g., enhanced audit and record-keeping standards).

Lessee must complete the parking structure as a condition to issuance of the certificate of occupancy for the proposed development of a seniors' congregate care facility on Parcel OT. Once the Lessee and the Parcel OT optionee have obtained all necessary

project entitlements and have fulfilled the other requirements entitling them to exercise the Options for both parcels, we will return to your Board for authority to execute the Restated Lease in substantially the form attached.

County has also agreed to revise the leasehold boundary to include a portion of the existing improvements on the westerly most dock on Parcel 21 that were inadvertently built outside the existing leasehold boundary. The water area added to the parcel will be redeveloped to include an additional five (5) boat slips.

The Department has obtained an appraisal that concludes the return to the County from the lease extension for Parcel 21 is equivalent to, or greater than, fair market value.

Implementation of Strategic Plan Goals

In furtherance of County Goals #1 and #4, "Service Excellence" and "Fiscal Responsibility," the recommended action will allow the Department to implement that portion of its Strategic Plan that enhances strategic partnerships with existing and prospective lessees through proactive implementation of the Marina del Rey Asset Management Strategy toward enhancing public access to and enjoyment of the Marina through property redevelopment and modernized lease provisions.

The following chart details the proposed deal terms of the Restated Lease providing for the 39-year lease extension as they relate to your Board's existing lease extension policy:

REDEVELOPMENT
Development of new
improvements

• **Redevelopment Work:** Lessee shall demolish the existing improvements on the premises and construct the following new improvements within five years of receipt of entitlements:

(i) **New Commercial Building:** A new commercial building containing not less than 29,000 square feet of rentable space and an attached 56 feet high parking structure to accommodate 447 cars. The new commercial building will provide replacement space for all existing landside uses on Parcel 21 and will provide replacement space for the yacht club and office uses presently on Parcel 20. The attached parking structure shall provide parking for the uses contained in the new commercial building, boater parking for Parcels 20 and 21, and 94 public parking spaces moved from Parcel OT. The square footage to be provided for each use and the parking to be provided for each use are summarized in the table below:

New Commercial Building	Sq. Ft. Provided	Parking Provided
Yacht Club	5,000	106
Health Club	10,000	20
Retail	6,000	23
Office	8,000	21
Parcel 20 Boater Parking	--	112
Parcel 21 Boater Parking	--	71
Parcel OT Replacement Parking	--	94
Total	29,000	447

(ii) **Dock Replacement:** Complete replacement of existing docks

REDEVELOPMENT (continued)	<p>containing 182 slips with 108 slips made of concrete or other material acceptable to the Department Director, with a second dock replacement between the 30th and 35th year from the effective date of the Restated Lease;</p> <p>(iii) Waterfront Promenade: Construction and maintenance of a waterfront promenade to run the length of the bulkhead.</p> <ul style="list-style-type: none">• Parcel Size Adjustment: The leasehold area shall be reduced by removing the approximately 207 linear feet from the westerly landside area, excluding the Waterfront Promenade area. The parcel size adjustment shall occur up to six months following the completion of construction of the replacement parking for Parcel OT.• Total development cost not less than \$13 million (\$1.35 million for Dock Replacement; \$11.65 million for New Commercial Building and Waterfront Promenade).• Construction of Redevelopment Work to be completed within five years from effective date of the Restated Lease, subject to force majeure, which in no event shall exceed two years.• <u>Capital Improvement Fund</u>. A Capital Improvement Fund to be funded annually by Lessee will be maintained during the term of the lease according to the following schedule: Years 1-3 after completion: none; Years 4-5: 1% of gross revenue; Years 6-10: 1.25% of gross revenue; Years 11+: 1.50% of gross revenue. The Capital Improvement Fund must be fully expended for capital expenditures by ten years prior to the expiration date of the lease, which expenditures are subject to prior approval by the Department Director, not to be unreasonably withheld.• <u>Renovation Fund</u>. A Renovation Fund equal to 1% of gross revenue to be funded annually by Lessee until completion of the required renovation to physically reposition the project to then current market requirements between 2034 and 2036. Thereafter, no Renovation Fund shall be required. The Renovation Fund may be maintained in the form of a letter of credit. Lessee to provide a renovation plan and budget, subject to County approval.
LEASE TERM	<ul style="list-style-type: none">• Option to extend lease on Parcel 21 by 39 years from 8/31/2026 to 8/31/2065.
EXTENSION FEE Fee equal to or commensurate with value of the extension	<ul style="list-style-type: none">• The amount of the extension fee shall be \$100,000, payable as set forth below.• Lessee shall pay a non-refundable option fee of \$100,000 prior to the granting of the Option. Such payment shall be credited against the extension fee if the Option is exercised, but shall be non-refundable in the event the Option is not exercised.

MARKET RATE RENTS Ensure fair market rents	<ul style="list-style-type: none"> • Minimum annual rent during construction to be reset at the beginning of construction equal to 75% of Lessee's previous three years' average total annual rent paid to County. • Minimum annual rent upon earlier of the date of receipt of the first Certificate of Occupancy (temporary) following commencement of construction ("CO Date") or Required Completion Date equal to \$215,000. Thereafter, minimum rent reset every three years equal to 75% of previous three years' average total annual rent paid to County until first renegotiation. • Percentage and minimum rents are subject to renegotiation to fair market rent ten years after earlier of CO Date or Required Completion Date and every ten years thereafter.
PARTICIPATION IN SALE AND REFINANCE Secure County participation in sale and refinance of leasehold	<ul style="list-style-type: none"> • Sale Participation: Greater of 5% of Gross Proceeds or 20% of Net Proceeds upon assignment or other direct or indirect transfer of leasehold. • Refinance Participation: 20% of net loan proceeds not reinvested in leasehold.
COUNTY ADMIN. COSTS Ensure payment for County costs for lease extension	<ul style="list-style-type: none"> • Lessee agrees to reimburse County for costs associated with lease extension negotiations and option and lease preparation, including all appraisal, consultant and legal costs.
COUNTY INCOME CONTINUITY Ensure County revenue flow during development	<ul style="list-style-type: none"> • Minimum annual rent during construction to be reset at the beginning of construction equal to 75% of Lessee's previous three years' average total annual rent paid to County.
RIGHT TO RECAPTURE	<ul style="list-style-type: none"> • Provide County with a right to purchase the leasehold interest if Lessee desires to either assign or sell a controlling interest.
ARBITRATION	<ul style="list-style-type: none"> • Arbitration will use rent-a-judge procedure. "Baseball" type arbitration provision.
LEASE ASSIGNMENT - DISCLOSURE ISSUES	<ul style="list-style-type: none"> • Lease assignment and ownership disclosure requirements in accord with standard County policy.
DOCKMASTER	<ul style="list-style-type: none"> • Lessee to maintain a dockmaster to manage the anchorage for the term of the lease.

PROMENADE	<ul style="list-style-type: none">• Lessee to construct a waterfront promenade in compliance with Marina Local Coastal Program and subject to County's reasonable approval of plans.• Promenade area to remain within the leasehold, as described in Parcel Size Adjustment above. Lessee retains responsibility for construction and maintenance of Promenade.
APPRAISAL	<ul style="list-style-type: none">• The Department has obtained an independent appraisal confirming the return to the County from the lease extension is equivalent to, or greater than, fair market value.
ENTITLEMENTS: SITE COVERAGE, HEIGHT & LAND USES	<ul style="list-style-type: none">• If Lessee is unable to obtain all necessary entitlement and financing approvals within the 12-month Option period, the Director may grant up to two six-month extensions if Lessee can demonstrate it has diligently pursued those approvals.• If Lessee obtains approvals within the 12-month (or 18- or 24-month) period but such approvals are subject to litigation or appeal brought by a third party, then the option exercise date will be tolled pending the resolution of such litigation or appeal; provided that the option exercise date shall in no event be later than four years after the date of the grant of Option.• Density, site coverage, open space, view corridor, building height, entitlement and land uses are subject to Lessee obtaining all County and Coastal Commission planning and entitlement approvals, including that of the Design Control Board.• Lessee may pursue County and Coastal Commission planning and entitlements approvals with respect to the provision of interim replacement parking and interim tenant space during construction.

Additional Matters

OTHER TERMS	<ul style="list-style-type: none">a) Ten years prior to expiration of lease, Lessee to structure funding for removal of improvements (at County's election).b) Rental renegotiation and insurance disputes subject to rent-a-judge procedure pursuant to "baseball" type arbitration.c) Maintenance standards for improvements to conform to Marina del Rey standards as revised from time to time.d) Lease administrative items include: a) late fee of 6% plus interest at prime plus 3% for any late payments; b) security deposit equal to three months' minimum rent; c) insurance levels reset/renegotiated upon execution of the Restated Lease and every five years thereafter; d) County approval rights over all construction plans and specifications; and e) enhanced audit and record-keeping standards.e) Liquidated damages of \$100 per day (adjusted for inflation) for each cited maintenance deficiency that remains uncured after a specified cure period, to be assessed against the security deposit.
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FISCAL IMPACT/FINANCING

The Restated Lease reflects the current market rate percentage rents for all relevant categories. It will produce two categories of fiscal benefit to the County: 1) an extension fee; and 2) rent increases due to construction of a new commercial building containing not less than 29,000 square feet of rentable space and new docks. Each component is discussed in detail below.

Extension Fee

Lessee is required to pay an extension fee of \$100,000. A non-refundable Option fee of \$100,000 is due upon the execution of the Option, which may be credited against the extension fee if the Option is exercised.

Rent Increase Due to New Construction

The total rent derived from Parcel 21 during fiscal year 2006-2007 was approximately \$296,000.00. After construction, lease-up and stabilization, annual County rent is projected to rise to approximately \$336,900, an annual increase of approximately \$40,900.

As an additional requirement of the Restated Lease, the Lessee will reconvey back to the County the westerly 207 feet of Parcel 21 to be integrated into the adjacent County Parcel GR public parking lot in order to form a larger public parking lot. Lessee will also be responsible for the cost of converting the westerly 207 feet being reconveyed to a parking lot as per the County's plan.

Costs of consultants involved in the negotiation and development of the Option and Restated Lease are being reimbursed by the Lessee.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Without exercise of the Option, the term of the lease for Parcel 21, which commenced September 1, 1966, will expire August 31, 2026.

Concurrent with the exercise of the Parcel 21 Option, an option as to Parcel OT must also be exercised by Lessee's affiliate, both of which may be exercised only after the entitlements for each project are received. The Lessee has made application to the Department of Regional Planning for its discretionary land use entitlements under the applicable standards of the Marina del Rey Local Coastal Program (LCP), which application is still under review. The Parcel 21 application seeks an LCP amendment to relocate 94 public parking spaces from Parcel OT to Parcel 21 and to modify the development permit conditions to transfer the yacht club and marine commercial uses from Parcel 20 to Parcel 21. The Parcel OT application seeks an LCP amendment to transfer land use entitlements across development zones to allow for the build-out of congregate care units and to relocate 94 public parking spaces to Parcel 21. Approval

of the Option is without prejudice to the County's full exercise of its regulatory authority in the consideration of the land use entitlements required for the possible exercise of the Option.

Amendment and extension of the existing lease is authorized by Government Code Sections 25907 and 25536. The extended lease term is in conformance with the maximum 99-year period authorized by California law.

At its meeting of March 12, 2008, the Small Craft Harbor Commission _____ the recommendation to approve the Option and the Restated Lease in the form attached. County Counsel has approved the documents as to form.

ENVIRONMENTAL DOCUMENTATION

The Option is categorically exempt under the California Environmental Quality Act pursuant to classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines. Approval of the Option does not authorize construction or reconstruction of any improvements on the parcel. The discretionary land use entitlements and the corresponding environmental documentation necessary to implement the proposed redevelopment contemplated by the Option and the Restated Lease are under review by the Department of Regional Planning.

CONTRACTING PROCESS

The new Restated Lease will be available to the Lessee upon the exercise of the Option. Upon Lessee's demonstration that it has satisfied the conditions for exercise contained in the Option and has received all planning, zoning, environmental and other entitlement approvals required to be obtained from governmental authorities for the construction of the development project, we will return to your Board with final confirmation that the conditions and approvals for exercise contained in the Option have been satisfied. At that time, we will request authorization for execution of the Restated Lease.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

The Honorable Board of Supervisors
April 8, 2008
Page 9

CONCLUSION

Authorize the Executive Officer/Clerk of the Board to send two copies of the executed Option to the Department of Beaches and Harbors.

Respectfully submitted,

William T Fujioka

SW:SK:GB:dlg

Attachments (2)

c: County Counsel

ADDENDUM

January 23, 2008 SCHC Meeting

On January 23, 2008, the Lessee submitted an original dock plan, which included 87 slips ranging from 25 feet to 50 feet in length for an average slip size of 36.9 linear feet. The original dock plan resulted in a reduction of 95 slips from the current 182 slips available in the marina. At that time, your Commission requested the Lessee to reevaluate and redesign the original dock plan in an effort to increase the number of boat slips and return to your Commission for reconsideration.

February 13, 2008 SCHC Meeting

On February 13, 2008, the Lessee submitted a revised dock plan reflecting a changed configuration in which the new anchorage increased the number of slips from 87 slips in the prior submission to 103 slips, for a reduction of 79 slips instead of 95 slips. In order to design this new configuration, the lessee eliminated all slips considered to be large slips, including the existing ten 40-foot slips, opting instead to dedicate the entire marina to slips of 35 feet or less with an average slip size of 31.6 linear feet. Public testimony was received during the meeting and the Lessee was directed to hold a separate community forum to obtain public input on the proposed dock plan. In addition, your Commission requested further study and clarification on: 1) the number of boats currently moored in the Parcel 21 marina; 2) the possibility of adding additional boat slips by decreasing the width of the slips designed for powerboats; 3) the prospect of adjusting the boundary lines to reflect the existing configuration and thus allowing additional slips to be built in the encroached area; and 4) the need for a plan to mitigate impacts to boaters that may be displaced during construction of the new dock facilities.

Responses to Commissioners' Request for Additional Information

The Department of Beaches and Harbors surveyed the anchorage on February 13, 2008, and confirmed a total of 160 boats were in the marina with 12 double slips being occupied by two boats. The remaining double slips were occupied by a single boat. (The 160 boats include 147 that were moored in slips and 13 that were moored on end- or side-ties). The lessee's calculation, as illustrated on the existing dock plan, indicates the existing anchorage to consist of 148 slips not 182 slips as we have previously presented, based on the lessee's belief that each double slip should be counted as one slip rather than two.

With regards to how many more slips could be added if the Lessee reconfigured the powerboat-width slips to sailboat-width slips in the proposed plan, the lessee has evaluated the possibility of including more sailboat slips and determined that the maximum number of slips that can be added is six (6) slips. The proposed plan currently has 89 powerboat and 19 sailboat slips of varying sizes. To the extent the plan is changed to accommodate the additional six sailboat slips, the total slip count would increase to 114 slips, with 25 slips available for powerboats and 89 available for sailboats. While a change in the plan would result in a slight increase in the number of slips, from an operational perspective, the lessee has indicated that the narrower slips would limit operational flexibility over the long term to accommodate powerboats in the marina. Therefore, the lessee is recommending that the wider powerboat slips stay in the plan as the wider slips will be able to accommodate both power and sailboats docking in the marina.

Concerning what happened to Dock 3700 in the latest development plan, four (4) of the existing slips on Dock 3700 were constructed outside the parcel boundary during the original construction of the dock and were scheduled to be eliminated so that the new docks would be built within the existing parcel boundary. The Department of Beaches and Harbors has agreed to initiate a boundary adjustment to reflect the existing configuration of Dock 3700 and thus allow additional slips to be built on that water area. The addition of the water area increases the number of boat slips that can be constructed in the marina from 103 slips to 108 slips. The existing 182-slip site plan and the proposed 108-slip plan are attached for your review and consideration.

In answer to how the lessee intends to mitigate impacts to boaters impacted by the redevelopment, the lessee has agreed to submit a plan for the phasing of dock construction and addressing displaced boaters, including, (x) priority leasing to displaced boaters in good standing of vacant slips available in other marinas in Marina del Rey leased or controlled by Lessee or its affiliates, and (y) priority re-leasing to displaced boaters in good standing of the new slips on Parcel 21 upon completion of construction of the entire marina .

Community Meeting about Dock Plan

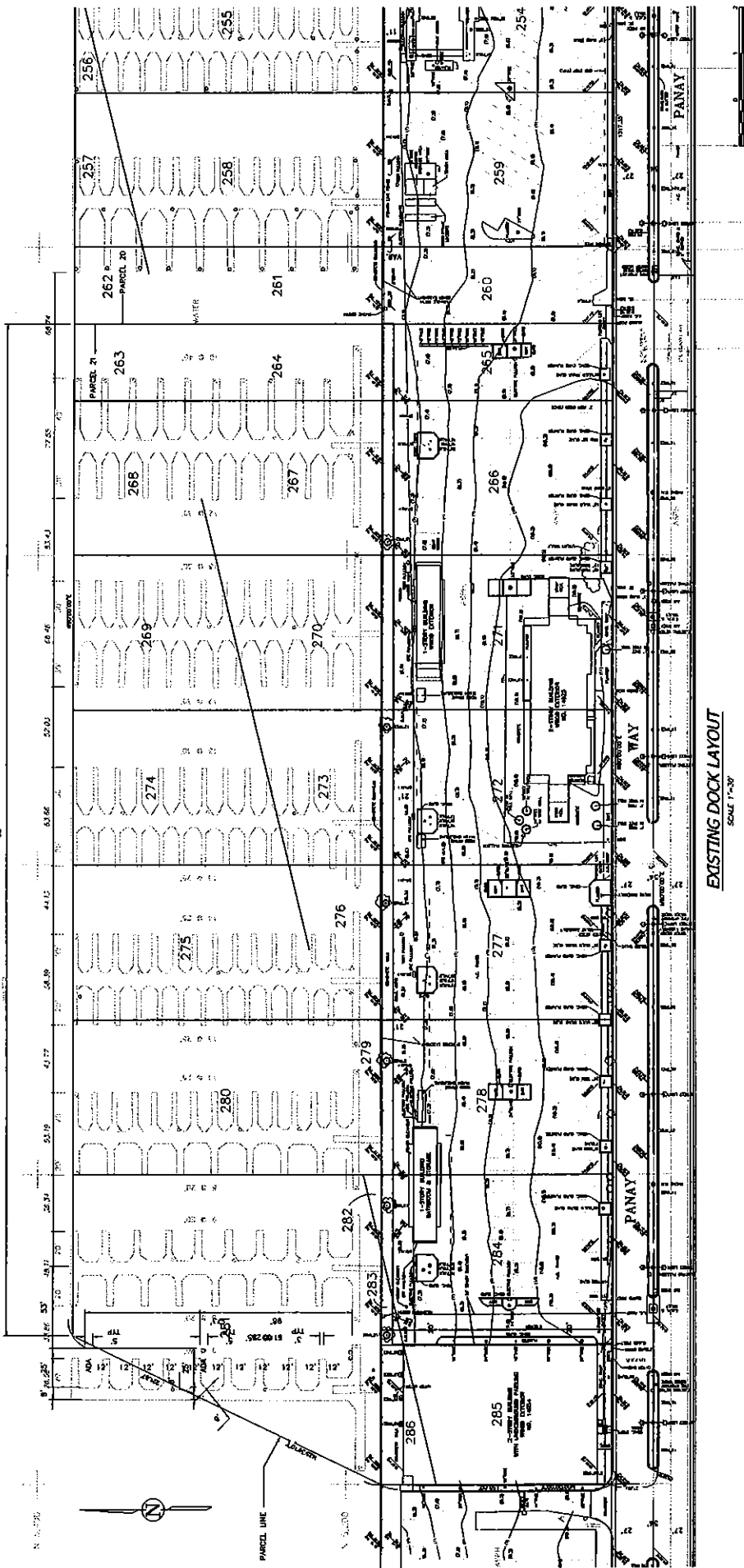
The Lessee held a community meeting on February 26, 2008 to obtain input from the boating community about the proposed 108 slip dock plan. While representatives from We are MDR, LA Mariners, and People Organized for Westside Renewal (POWER) did not attend the meeting, it was attended by more than 20 interested parties representing a cross section of constituencies including recreational boaters, existing slip tenants, boat brokers, and yacht club members. While the group was in

section of constituencies including recreational boaters, existing slip tenants, boat brokers, and yacht club members. While the group was in general agreement that a complete replacement of the Parcel 21 anchorage is needed, many members of the group voiced serious concern about the lack of larger boat slips in the proposed dock plan. More specifically, some attendees were concerned about displacement of the larger boat slip tenants as the existing marina has a total of ten 40 foot boat slips that will not be replaced, as the revised dock plan eliminated all boat slip sizes above 35 feet. Consequently, some attendees recommended the dock plan be changed to include larger slips to reflect a more balanced approach for accommodating the needs of both large and small recreational boaters, as was previously proposed by the lessee in the original 87 slip dock plan which is attached for your information. Regardless, the lessee is prepared to proceed with the development of either the original 87 slip dock plan which will accommodate larger boat tenants or the proposed 108 slip dock plan which is limited to watercraft 35 feet and under.

Attachments (3)

EXISTING DOCK LAYOUT SLP COUNT			
Size Length	Quantity	Linear Feet	%
20'x40'	34	680	23.0
25	54	1,350	36.3
30	50	1,500	33.8
35	0	0	0
40	0	0	0
45	0	0	0
50	0	0	0
55	0	0	0
60	0	0	0
Total	148	3,530	100.0
Average		24.87	

(*) INDICATES DOUBLE BOTTOM SLIPS
EXISTING DOCK AREA = 308876 SQ FT

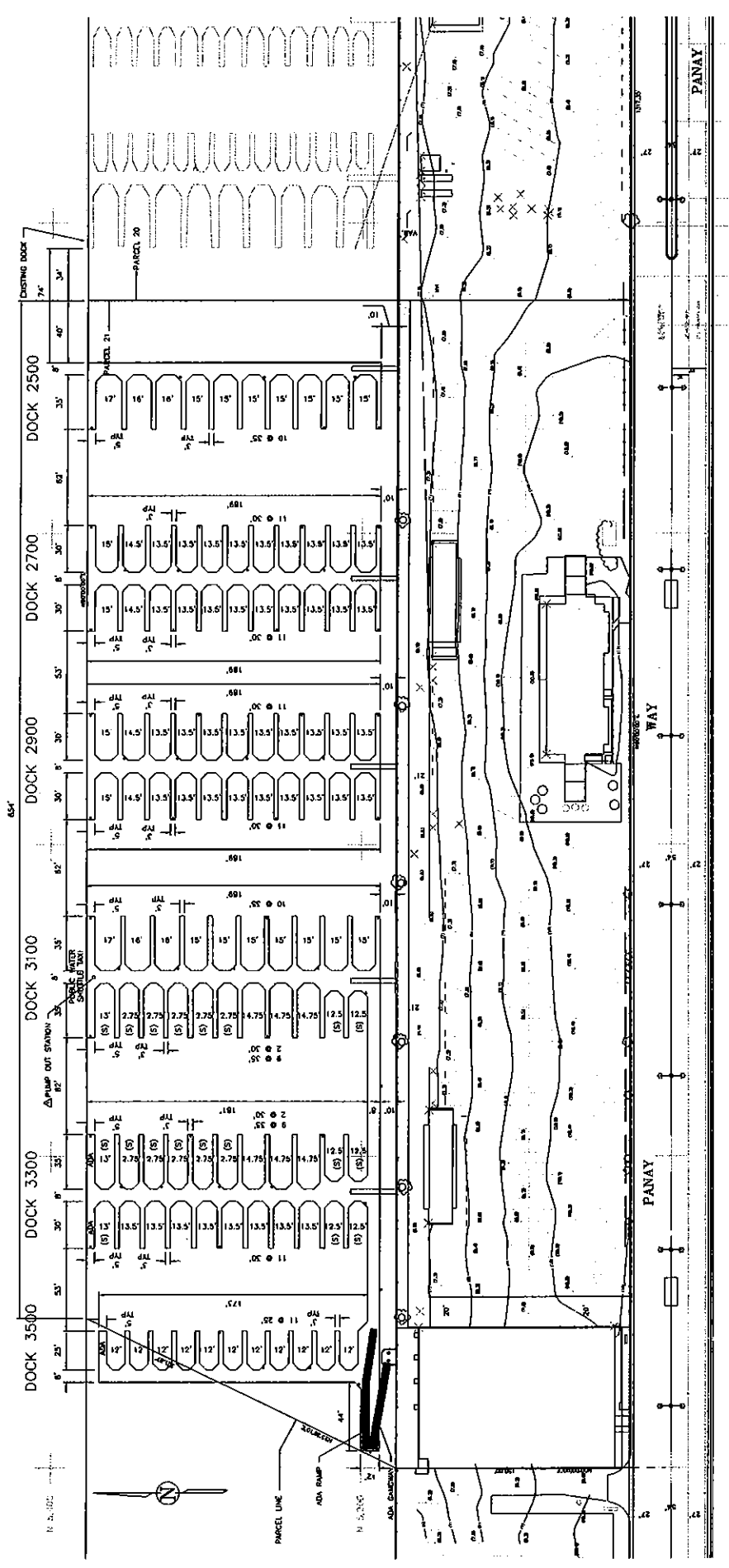


PROJECT	IMPROVEMENTS FOR HOLIDAY MARINA PARCEL 21-MARINA DEL REY, CA	
	<div>  <p>BUELL WATER Planning and Engineering Services 10000 Wilshire Blvd, Suite 200 Beverly Hills, CA 90212 Phone: 310.206.1300</p> </div>	
STATUS	AS NOTED	12-06-08
	2195-A	1-1
	2 OF 4	

PROPOSED DOCK LAYOUT SLIP COUNT

Slip Length	Quantity	Linear Feet	%
25'	11	275	10.18
30'	35	1050	40.18
35'	35	1225	46.64
40'	108	4320	163.64
TOTAL	189	5870	220.64
Average		31.25	

(S) - INDICATES SOME SLIPS ARE SAIL BOAT SLIPS
 PROPOSED: 2,897.00 + 4,144.00 + 4,144.00 + 13,810
 TOTAL: 24,995.00



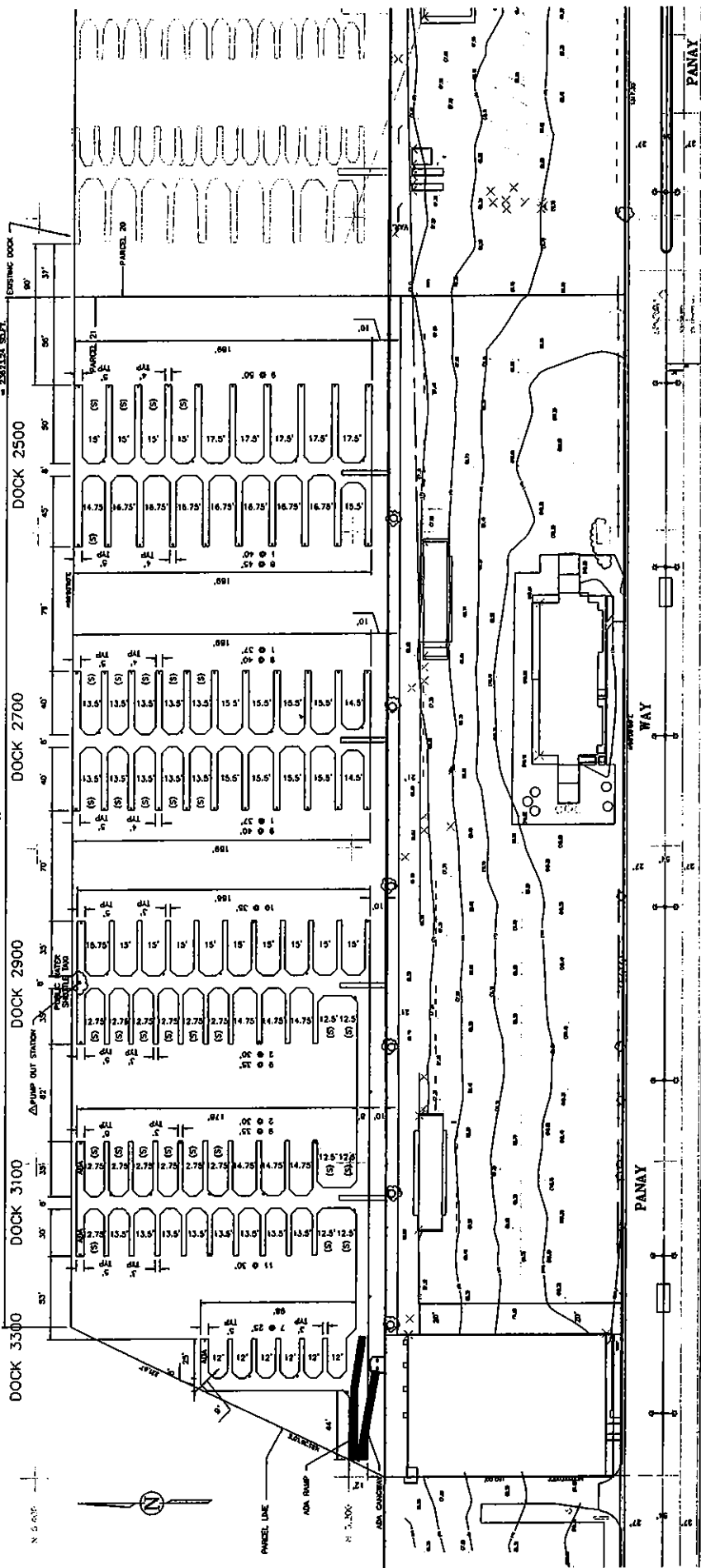
PROPOSED DOCK LAYOUT
 SCALE 1"=30'

PROJECT IMPROVEMENTS FOR HOLIDAY MARINA PARCEL 21-MARINA DEL REY, CA	STATUS X	DATE 02-06-08	AS NOTED 2145A	BY L-21	CHECKED 3.1.04
PROPOSED DOCK LAYOUT ALT 2					
2500 Via California Marina, Suite 200 San Pedro, CA 90732 Tel: 310 344 3524 Fax: 310 344 3524					
BILLY YEE Project Group Planning and Development Services Planning for Success and Tomorrow's Success					
2500 Via California Marina, Suite 200 San Pedro, CA 90732 Tel: 310 344 3524 Fax: 310 344 3524					

PROPOSED DOCK LAYOUT SLIP COUNT			
Slip Length	Quantity	Linear Feet	%
25'	8	200	4.63
30'	12	360	7.88
35'	12	420	9.14
40'	12	480	10.40
45'	12	540	11.66
50'	12	600	12.92
55'	12	660	14.18
60'	12	720	15.44
65'	12	780	16.69
70'	12	840	17.95
75'	12	900	19.21
80'	12	960	20.47
85'	12	1020	21.73
90'	12	1080	22.98
95'	12	1140	24.24
100'	12	1200	25.50
105'	12	1260	26.76
110'	12	1320	28.02
115'	12	1380	29.28
120'	12	1440	30.54
125'	12	1500	31.79
130'	12	1560	33.05
135'	12	1620	34.31
140'	12	1680	35.57
145'	12	1740	36.83
150'	12	1800	38.08
155'	12	1860	39.34
160'	12	1920	40.60
165'	12	1980	41.86
170'	12	2040	43.12
175'	12	2100	44.37
180'	12	2160	45.63
185'	12	2220	46.89
190'	12	2280	48.15
195'	12	2340	49.41
200'	12	2400	50.66
205'	12	2460	51.92
210'	12	2520	53.18
215'	12	2580	54.44
220'	12	2640	55.69
225'	12	2700	56.95
230'	12	2760	58.21
235'	12	2820	59.47
240'	12	2880	60.73
245'	12	2940	61.98
250'	12	3000	63.24
255'	12	3060	64.50
260'	12	3120	65.76
265'	12	3180	67.02
270'	12	3240	68.27
275'	12	3300	69.53
280'	12	3360	70.79
285'	12	3420	72.05
290'	12	3480	73.31
295'	12	3540	74.56
300'	12	3600	75.82
305'	12	3660	77.08
310'	12	3720	78.34
315'	12	3780	79.60
320'	12	3840	80.85
325'	12	3900	82.11
330'	12	3960	83.37
335'	12	4020	84.63
340'	12	4080	85.89
345'	12	4140	87.14
350'	12	4200	88.40
355'	12	4260	89.66
360'	12	4320	90.92
365'	12	4380	92.18
370'	12	4440	93.43
375'	12	4500	94.69
380'	12	4560	95.95
385'	12	4620	97.21
390'	12	4680	98.47
395'	12	4740	99.72
400'	12	4800	100.98

PALE NOTE
TOTAL NO. OF PILES = 79

(*) - INDICATES SOME SLIPS ARE DOUBLE BERTH SLIPS
(S) - INDICATES SOME SLIPS ARE SINGLE BERTH SLIPS
PROPOSED DOCK AREA = 2,281,124 S.F.
EXISTING DOCK AREA = 1,250,240 S.F.



IMPROVEMENTS FOR HOLIDAY MARINA PARCEL 21-MARINA DEL REY, CA		PROJECT STATUS X
2280 Via Camino Real, Suite 200 Marina del Rey, CA 90291 Tel: 310 546 3333 Fax: 310 546 3334		AS NOTED 02-07-07 2105-A L-2 3 of 4
WILFAYER ENGINEERING Planning and Engineering Services for Marine and Recreational Facilities		2280 Via Camino Real, Suite 200 Marina del Rey, CA 90291 Tel: 310 546 3333 Fax: 310 546 3334

**OPTION TO AMEND LEASE AGREEMENT
(PARCEL 21)**

THIS OPTION TO AMEND LEASE AGREEMENT ("Agreement") is made and entered into as of the _____ day of _____, 2008, by and between the COUNTY OF LOS ANGELES ("County") and HOLIDAY-PANAY WAY MARINA, L.P. a California limited partnership ("Lessee").

R E C I T A L S

A. County and Lessee, or its predecessors-in-interest, entered into Lease No. 11210 dated September 27, 1966, as amended (the "Existing Lease"), pursuant to which Lessee leases from County certain real property in the Marina del Rey Small Craft Harbor commonly known as Parcel No. 21, as more particularly described in the Existing Lease (the "Existing Premises").

B. The term of the Existing Lease is currently scheduled to expire on August 31, 2026 (the "Existing Expiration Date").

C. Lessee has requested County, and County is willing, to grant Lessee an option to extend the term of the Existing Lease through August 31, 2065.

D. If Lessee exercises such option to extend the term, the parties desire to expand the Existing Premises to incorporate the adjacent water area (the "Additional Premises") on which a portion of the westerly-most anchorage improvements were inadvertently constructed outside the Existing Premises. The Existing Premises and Additional Premises are collectively referred to in this Agreement as the "Premises" and are described in Exhibit A attached to the Restated Lease (as defined below).

A G R E E M E N T

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Lessee agree as follows:

1. Grant of Option. County hereby grants to Lessee an option (the "Option") to extend the term of the Existing Lease through August 31, 2065 (the "Extended Expiration Date") and to expand the Existing Premises to add the Additional Premises. Such extension and expansion shall be on the terms and conditions set forth in the form of Amended and Restated Lease Agreement for Parcel 21 attached to this Agreement as Exhibit A (the "Restated Lease"). In consideration of County's grant of the Option to Lessee, and as a condition to the effectiveness of the Option, Lessee shall pay to County concurrent with Lessee's execution of this Agreement the sum of One Hundred Thousand Dollars (\$100,000.00) (the "Option Fee").

2. Option Term. The term of the Option (the "Option Term") shall commence on the date of this Agreement and expire on that date (the "Option Expiration Date") which is the earlier of (i) forty-five (45) days following the later of the Entitlement Receipt Date under this Agreement and the "Entitlement Receipt Date" under

the Parcel 147 Option Agreement, as defined in Section 4.4(b) of this Agreement (the "Parcel 147 Entitlement Receipt Date"), or (ii) the date that is one (1) year following the date of this Agreement (the "Outside Expiration Date").

For purposes hereof, the "Entitlement Receipt Date" shall mean the first date upon which (a) Lessee has received all discretionary planning and zoning land use entitlements, permits and other approvals required to be obtained from governmental authorities (including the County and the California Coastal Commission) for the construction of the Redevelopment Work (as defined below), including, without limitation, for the development on and relocation to the Premises of the Replacement Parcel 147 Parking Spaces (as defined in Section 15.20.1 of the Restated Lease) and the development on and relocation to the Premises of the Additional Parcel 20 Parking Spaces (as defined in Section 15.20.1 of the Restated Lease), and has satisfied all conditions to the issuance of a building permit for the Redevelopment Work other than the payment of any applicable building permit fee (all of the matters described in this clause (a) are collectively referred to as the "Entitlements"), (b) any appeal period to contest the issuance of the Entitlements has lapsed, and (c) there is no proceeding or litigation pending to appeal the issuance of the Entitlements, or to enjoin or restrain the performance of the Redevelopment Work (not including any proceeding or litigation brought by or on behalf of any partner, shareholder or member of, or any other person or entity affiliated with, or otherwise directly or indirectly having an ownership interest in, Lessee or the Parcel 147 Lessee (a "Lessee Affiliate")), or if such a proceeding or litigation is pending, then the date such proceeding or litigation has been dismissed or a decision or judgment rendered thereon, which decision or judgment is not subject to further appeal.

For purposes of this Agreement, the "Redevelopment Work" shall mean the demolition of the existing Improvements (as defined in the Restated Lease) currently located on the Premises and the construction of new Improvements in accordance with the Redevelopment Plan attached to the Restated Lease as Exhibit B, including without limitation: (i) a new commercial building containing not less than 29,000 square feet of rentable area of space to be initially allocated approximately as follows: 5,000 rentable square feet of yacht club space, 10,000 rentable square feet of health club space, 2,916 rentable square feet of retail space and 11,432 rentable square feet of marine commercial office space; (ii) an attached parking structure with 447 parking spaces or such other number of parking spaces as required under Section 15.20 of the Restated Lease (the "Parking Structure"); (iii) complete replacement of the existing 182 boat slips and related Improvements with approximately 108 new boat slips (with an average slip length of approximately 31.25 lineal feet) and related Improvements (the "Anchorage Replacement Work"), provided that County shall have the right to approve Lessee's proposed configuration and specifications for such slips; and (iv) the Promenade Work described in Section 15.19 of the Restated Lease.

Notwithstanding any contrary provision hereof, if by that date which is forty five (45) days prior to the Outside Expiration Date (the "Extension Request Date") (1) Lessee and the Parcel 147 Lessee have been unable to cause one or both of the Entitlement Receipt Date or the Parcel 147 Entitlement Receipt Date to occur and one or both of the Entitlement Receipt Date or the Parcel 147 Entitlement Receipt Date is (are) not

reasonably expected to occur by the Outside Expiration Date, (2) in the reasonable judgment of the Director of the Department of Beaches and Harbors of the County ("Director"), Lessee and the Parcel 147 Lessee have proceeded with diligent efforts to cause the Entitlement Receipt Date and the Parcel 147 Entitlement Receipt Date to occur by the Outside Expiration Date, and (3) on or before the Extension Request Date Lessee submits a written request in writing to Director requesting an extension of the Outside Expiration Date to afford Lessee and the Parcel 147 Lessee (as applicable) with

additional time to cause the Entitlement Receipt Date and the Parcel 147 Entitlement Receipt Date to occur (as applicable), then Director may grant, in its discretion, one or more extensions of the Outside Expiration Date, provided that (A) any extension of the Outside Expiration Date shall be limited to that period of time which, in the reasonable judgment of Director, is reasonably necessary to permit the Entitlement Receipt Date and the Parcel 147 Entitlement Receipt Date to occur, and (B) Director shall not extend the Outside Expiration Date by more than six (6) months at a time, and in no event shall Director extend the Outside Expiration Date beyond that date which is two (2) years following the date of this Agreement. The Outside Expiration Date shall not be extended under this paragraph if Lessee is in breach or default of this Agreement or the Parcel 147 Lessee is in breach or default of the Parcel 147 Option Agreement. Lessee shall not be required to pay to County a fee for any extension of the Outside Expiration Date pursuant to this paragraph.

In addition, if as of forty-five (45) days prior to the Outside Expiration Date (as such date may have been extended pursuant to the immediately preceding paragraph), the Entitlement Receipt Date or the Parcel 147 Entitlement Receipt Date has not occurred because (a) the Redevelopment Work or the Development Work under the Parcel 147 Option Agreement (the "Parcel 147 Development Work") is the subject of a pending proceeding or litigation to appeal the issuance of the Entitlements for such particular work or to enjoin or restrain the performance of the Redevelopment Work or the Parcel 147 Development Work (other than any proceeding or litigation brought by or on behalf of a Lessee Affiliate), or (b) a moratorium, temporary restraining order, injunction or other court order prohibits the issuance of the Entitlements for the Redevelopment Work or the Parcel 147 Development Work, and such moratorium, temporary restraining order, injunction or other court order also pertains to all other similar projects in Marina del Rey on land leased from the County, then as long as Lessee and/or the Parcel 147 Lessee (as applicable) continue to diligently prosecute or pursue the defense or removal of such proceeding, litigation, moratorium or court order, the Outside Expiration Date shall be extended until not later than forty-five (45) days following the date that such proceeding, litigation, moratorium or court order is resolved in favor of the issuance or validity of the Entitlements for the Redevelopment Work and the Parcel 147 Development Work (as applicable), with no further right of appeal; provided, however, in no event shall the Outside Expiration Date be extended beyond the fourth (4th) anniversary of the date of this Agreement. The Outside Expiration Date shall not be extended under this paragraph if Lessee is in breach or default of this Agreement or the Parcel 147 Lessee is in breach or default of the Parcel 147 Option Agreement. Lessee shall not be required to pay to County a fee for any extension of the Outside Expiration Date pursuant to this paragraph.

3. Exercise of Option. The Option shall be exercisable by Lessee only by Lessee's strict satisfaction on or before the Option Expiration Date of the following terms and conditions: (i) Lessee shall notify County in writing of its exercise of the Option; (ii) Lessee shall accompany the notice described in the preceding clause (i) with Lessee's execution and delivery to County of the Restated Lease with any blank or bracketed terms set forth in Exhibit A completed in accordance with the terms and provisions of this Agreement (County hereby agrees to cooperate with Lessee to permit the completion of such blank or bracketed terms); (iii) as of the date of Lessee's delivery of the notice described in clause (i) above Lessee shall not be in material breach or default of any material term or provision of the Existing Lease, after notice from County and the expiration of any applicable cure period thereunder; (iv) the Entitlement Receipt Date shall have occurred and there shall be no action or proceeding pending or, to Lessee's or County's actual knowledge, threatened, to contest the Entitlements issued as a condition to the occurrence of the Entitlement Receipt Date or to enjoin or restrain the performance of the Redevelopment Work; (v) Lessee shall have provided evidence satisfactory to County of its having sufficient financial resources, as determined by the Director in Director's reasonably judgment, to complete the Redevelopment Work; (vi) Director shall have approved all plans, specifications and other materials for the Redevelopment Work required to be submitted to Director pursuant to Section 4.3 of this Agreement; (vii) Lessee shall have satisfied the conditions to the exercise of the Option set forth in Section 4.4; and (viii) all conditions to the exercise of the Parcel 147 Option shall have been satisfied and the Parcel 147 Lessee shall have concurrently exercised the Parcel 147 Option. In addition to the foregoing conditions to the exercise by Lessee of the Option, Lessee's exercise of the Option shall be conditioned upon the submission by Lessee to the Director, and the Director's approval, of a plan for the phasing of the Anchorage Replacement Work and addressing displaced boaters, including without limitation, (x) priority leasing to displaced boaters in good standing of vacant slips available in other marinas in Marina del Rey leased or controlled by Lessee or its affiliates, and (y) priority re-leasing to displaced boaters in good standing of the new slips on the Premises upon completion of the Anchorage Replacement Work. Upon Lessee's proper and timely exercise of the Option, County shall execute and deliver the Restated Lease and the Parcel 147 Lease not later than forty-five (45) days following the date of Lessee's exercise of the Option.

4. Entitlements and Plan Preparation During Option Term.

4.1 Obtaining Entitlements. During the Option Term, Lessee shall use diligent efforts to obtain as soon as reasonable possible all Entitlements necessary to perform the Redevelopment Work and, unless otherwise directed by Director, the Off-Site Parking Improvements described in Section 4.5(a) below. Such efforts shall include Lessee's expenditure of such funds, including, without limitation, application fees, travel costs, architectural fees and consulting and lobbying fees, as reasonably necessary to expedite the permit, license and other approval processes.

4.2 County Cooperation. In its proprietary capacity, the Department of Beaches and Harbors of the County of Los Angeles (the "Department") shall cooperate with and assist Lessee, to the extent reasonably requested by Lessee, in Lessee's efforts to obtain the appropriate governmental approvals, consents, permits or variances which

may be required in connection with the construction of the Redevelopment Work and, unless otherwise directed by Director, the construction of the Off-Site Parking Improvements described in Section 4.5(a) below. Such cooperative efforts may include the Department's joinder in any application for such approval, consent, permit or variance, where joinder therein by the Department is required or helpful (including without limitation, but only if approved by Director, co-application by County to eliminate or reduce the Parcel 147 replacement public parking spaces described in Section 4.4(b) hereof); provided, however, that Lessee shall reimburse County for the Actual Costs (as defined in the Restated Lease) incurred by the Department in connection with such joinder or cooperative efforts as to the Redevelopment Work (but not as to the Off-Site Parking Improvements). Notwithstanding the foregoing, Lessee and County acknowledge that the approvals given by County under this Agreement and/or the Restated Lease shall be approvals pursuant to its authority under Sections 25536 and 25907 of the California Government Code and given in its proprietary capacity; that approvals given under this Agreement and/or the Restated Lease in no way release Lessee from obtaining, at Lessee's expense, all permits, licenses and other approvals required by law for the construction of the Redevelopment Work and operation and other use of the Premises; and that the Department's duty to cooperate and County's approvals under this Agreement and/or the Restated Lease do not in any modify or limit the exercise of County's governmental functions or decisions as distinct from its proprietary functions pursuant to this Agreement and/or the Restated Lease.

4.3 Plans and Specifications for Redevelopment Work. The Redevelopment Work shall be constructed by Lessee in accordance with and subject to the terms and provisions of Article 5 of the Restated Lease. The requirements of Article 5 of the Lease include, without limitation, the obligation of Lessee to prepare and submit to the Director for the Director's approval certain plans, specifications, construction cost estimates and other materials pertaining to the Redevelopment Work, as set forth in more detail in Sections 5.2 through 5.4 of the Restated Lease. The schedule for the preparation, submittal and approval of such plans, specifications, construction cost estimates and other materials shall generally proceed in accordance with the terms and provisions of the Restated Lease. Notwithstanding the foregoing, during the period commencing on the date of this Agreement and expiring on the earlier of Lessee's exercise of the Option or the Option Expiration Date, Lessee shall prepare and submit to Director for Director's approval, those portions of the plans, specifications and other materials described in Sections 5.2 through 5.4 of the Restated Lease which are required to be submitted to governmental authorities (including the County and the California Coastal Commission) in connection with Lessee's applications for and/or receipt of all Entitlements for the Redevelopment Work. Lessee shall accompany such plans, specifications and other materials with the construction cost estimates described in such Sections 5.2 through 5.4, as applicable. The standards and time periods for Director's review and approval of the materials submitted by Lessee pursuant to this Section 4.3 shall be in accordance with the terms and provisions of Sections 5.2 through 5.4 of the Restated Lease, which terms and provisions are hereby incorporated into this Agreement by reference. Such plans, specifications and other materials shall be prepared and submitted to Director by Lessee in accordance with a schedule which shall facilitate Lessee's satisfaction of all conditions precedent to the exercise of the Option on or before the Option Expiration Date (as the same may be extended pursuant to the terms hereof).

4.4 Parking.

(a) Relocation of Parcel 20 Anchorage Parking. Certain property located adjacent to the Premises and commonly known as Parcel 20 is currently leased by County to Lessee's affiliate, Panay Way Marina, L.P. (with its successors and assigns, the "Parcel 20 Lessee"). If Lessee exercises the Option, the Parking Structure to be constructed on the Premises by Lessee as a part of the Redevelopment Work is contemplated to include 112 parking spaces to facilitate the relocation to the Parking Structure of the parking facilities for the Parcel 20 anchorage improvements. Section 15.20.2 of the Restated Lease provides for the reservation of an easement in favor of Parcel 20 for the use of such spaces. Lessee, the Parcel 20 Lessee and County shall cooperate to seek any and all governmental approvals (if any) required for the relocation of the parking facilities for the Parcel 20 anchorage improvements from Parcel 20 to the Parking Structure upon the completion of the construction thereof. A condition to the exercise by Lessee of the Option shall be the receipt of any such required governmental approvals.

(b) Parcel 147 Replacement Parking. Concurrent or substantially concurrent herewith, County has entered into a Lease Option Agreement (the "Parcel 147 Option Agreement") with Lessee's affiliate, MDR Oceana, LLC (with its successors and assigns, the "Parcel 147 Lessee") pursuant to which County has granted the Parcel 147 Lessee an option (the "Parcel 147 Option") to enter into a lease with County (the "Parcel 147 Lease") for certain property commonly known as Parcel 147. The exercise by the Parcel 147 Lessee of the Parcel 147 Option is conditioned upon Lessee's agreement to provide 94 replacement public parking spaces in the Parking Structure to be located on the Premises to replace 94 public parking spaces currently located on Parcel 147 that are being displaced in connection with the development of Parcel 147.

4.5 Lessee Cooperation With Regard to Other Projects.

(a) The Restated Lease provides for the termination of the Restated Lease with respect to a portion of the Premises described in Section 2.2 of the Restated Lease as the "Partial Termination Premises" as of the "Partial Termination Date" (as defined in Section 2.2 of the Restated Lease). One of the potential uses being considered by County for the Partial Termination Premises is for additional off-site replacement public parking facilities. It is contemplated that such additional off-site parking might be developed, at least in part, to satisfy requirements that may arise in connection with the development of other projects in Marina del Rey, including without limitation, those contemplated for Parcels 10/FF, 33/NR and IR. If requested by Director, concurrent with Lessee's pursuit of the Entitlements for the construction of the Redevelopment Work, Lessee shall also, jointly with County, pursue the governmental approvals and entitlements required for the performance of the Parking Lot Work described in Section 2.2 of the Restated Lease. In all events, Lessee agrees to use its commercially reasonable efforts (at no cost to Lessee) to cooperate with any efforts of County to obtain governmental approvals and entitlements for County's use of the Partial Termination Premises and neither Lessee nor any of its affiliates shall object or take any action to interfere with County's efforts to obtain governmental approvals and entitlements for the use of the Partial Termination Premises for replacement public parking or other parking purposes designated by County. Lessee's obligations under this Section 4.5(a) shall expressly survive the exercise of the

Option by Lessee and shall be deemed to be incorporated into the Restated Lease as a covenant that is binding on Lessee thereunder.

(b) County is considering the development of a new Department headquarters facility on certain portions of Parcel 20 on which an existing commercial building and related improvements are currently located. If County determines to proceed with the development of such headquarters facility, then Lessee agrees to use commercially reasonable efforts (at no cost to Lessee) to cooperate with County's efforts to obtain governmental approvals and entitlements for the construction of such headquarters facility, and neither Lessee nor any of its affiliates shall object or take any action to interfere with the development of such headquarters facility. The Lessee's obligations under this Section 4.5(b) shall expressly survive the exercise of the Option by Lessee and shall be deemed to be incorporated into the Restated Lease as a covenant that is binding on Lessee thereunder.

5. Alternative Lease Amendment. If Lessee does not exercise the Option on or before the Option Expiration Date (or the Option is not exercisable by the Option Expiration Date), then (i) the Option shall be automatically terminated, and (ii) within forty-five (45) days following the Option Expiration Date County and Lessee shall execute and deliver an amendment to the Existing Lease (the "Non-Exercise Amendment"), which amendment shall amend the Existing Lease as follows:

(a) amend and restate Sections 11 through 15 of the Existing Lease in accordance with all of the terms and provisions of Sections 4.1 through 4.5 of the Restated Lease, except that:

(i) Subsection 4.2.1 of the Restated Lease shall be modified to read as follows:

"Lessee shall pay to County the minimum rent described in this subsection 4.2.1 (subject to adjustment pursuant to Sections 4.3 and 4.4 below) during each year of the Term (the "Annual Minimum Rent"). Annual Minimum Rent shall be payable by Lessee to County on a monthly basis in equal installments of one-twelfth (1/12th) of the Annual Minimum Rent (the "Monthly Minimum Rent"), except that any amounts payable for less than a full calendar year or month shall be prorated based on the number of days in such partial year or month as compared to the total number of days in the full calendar year or month during which such period occurs. For the three (3) year period commencing with the Effective Date, the Annual Minimum Rent shall be equal to seventy-five percent (75%) of the average total annual rent or other charges (including, without limitation, minimum rent and percentage rent) that was payable by Lessee to County under the Existing Lease for the three (3) year period immediately preceding the Effective Date. From and after the third anniversary of the Effective Date, the Annual Minimum Rent shall be as set forth in Sections 4.3 and 4.4 below."

(ii) Section 4.3 of the Restated Lease shall be modified to read as follows:

“As of the third (3rd) anniversary of the Effective Date (the “First Adjustment Date”) and as of each third (3rd) anniversary of the First Adjustment Date thereafter (each an “Adjustment Date” and collectively the “Adjustment Dates”), the Annual Minimum Rent shall be adjusted. Until the Renegotiation Date provided in Section 4.4 hereof, the Annual Minimum Rent shall be adjusted as of each Adjustment Date to the amount which equals seventy five percent (75%) of the average of the scheduled total annual rent due (including Monthly Minimum Rent and Percentage Rent) from Lessee to County under Section 4.2 of this Lease during the thirty-six (36) month period immediately preceding the Adjustment Date.”

(iii) The first paragraph of Section 4.4 of the Restated Lease shall be modified to read as follows:

“Effective on each tenth (10th) anniversary of the Effective Date (each a “Renegotiation Date” and collectively, the “Renegotiation Dates”), the Annual Minimum Rent and Percentage Rent shall be readjusted to the Fair Market Rental Value (as defined below) of the Premises.”

(b) add Article 16 of the Restated Lease to the Existing Lease;

(c) amend and restate Section 7 of the Existing Lease in accordance with Article 7 of the Restated Lease;

(d) amend and restate Sections 8 and 10 of the Existing Lease in accordance with Sections 5.2 through 5.12 of the Restated Lease, except that (i) all references to the Redevelopment Work shall mean and refer to future Improvements or alterations that Lessee desires to make to the Existing Premises, and (ii) all references to any schedule for the commencement or completion of the Redevelopment Work shall be deleted;

(e) amend and restate Section 18 of the Existing Lease in accordance with Sections 2.3 and 2.4 of the Restated Lease;

(f) amend and restate Sections 22A and 22C of the Existing Lease in accordance with Sections 11.1, 11.2 (excepting subsections 11.2.4 and 11.2.5) and 11.3 of the Restated Lease;

(g) amend Section 26 of the Existing Lease to adjust the amount and scope of commercial general liability, automobile liability, garagekeeper's legal liability, workers compensation and employer's liability insurance coverage required to be carried by Lessee to equal the amounts and coverages set forth in subsections 9.1.1, 9.1.2 and 9.1.3 of the Restated Lease, and to add to Section 26 of the Existing Lease the provisions of Section 9.6 of the Restated Lease;

(h) amend and restate Sections 30, 31 and 32 of the Existing Lease in accordance with Article 14 of the Restated Lease;

(i) add to the Existing Lease the provisions of Section 10.2 of the Restated Lease; and

(j) incorporate into the Existing Lease the definitions of capitalized terms used in the Restated Lease to the extent such terms are used in the Non-Exercise Amendment pursuant to clauses (a) through (i) above.

For purposes of the Non-Exercise Amendment, all references in the Restated Lease to the "Effective Date" shall mean and refer to the date of the execution and delivery of the Non-Exercise Amendment, but not later than forty-five (45) days following the Option Expiration Date.

6. County Costs. Regardless of whether Lessee exercises the Option, Lessee shall promptly reimburse County for the Actual Costs (as defined in the Restated Lease) incurred by County in the review, negotiation, preparation and documentation of the Restated Lease, the Non-Exercise Amendment, this Agreement and the term sheets and memoranda that preceded the foregoing. The parties acknowledge that Lessee has deposited the sum of Ninety Thousand Dollars (\$90,000.00) toward those costs. County shall deliver to Lessee an initial report detailing such expenditures within ninety (90) days after the date of this Agreement. County shall thereafter deliver supplemental reports to Lessee for costs, if any, incurred subsequent to the initial report.

7. Miscellaneous.

7.1 Time is of the Essence. Time is of the essence of this Agreement, including, without limitation, with respect to all times, restrictions, conditions and limitations set forth herein.

7.2 Waivers. Except as stated in writing by the waiving party, any waiver by either party of any breach of any one or more of the covenants, conditions, terms or provisions of this Agreement shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or provision of this Agreement, nor shall failure on the part of either party to require exact, full and complete compliance with any of the covenants, conditions, terms or provisions of this Agreement be construed to in any manner change the terms hereof or estop that party from enforcing the full provisions hereof.

7.3 Notices. All notices required or permitted to be given under this Agreement shall be given in accordance with the terms and provisions of Section 15.10 of the Restated Lease.

7.4 Captions. The captions contained in this Agreement are for informational purposes only, and are not to be used to interpret or explain the particular provisions of this Agreement.

7.5 Attorneys' Fees. In the event of any action, proceeding or arbitration arising out of or in connection with this Agreement, whether or not pursued to judgment, the prevailing party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, including without limitation, attorneys' fees for County Counsel's services where County is represented by the County Counsel and is the prevailing party.

7.6 No Assignment. Lessee shall have no right to assign or transfer its rights or obligations under this Agreement to any other person or entity, without the express written consent of County, which consent may be withheld by County in its sole and absolute discretion.

7.7 Entire Agreement. This Agreement sets forth the full and complete understanding of the parties relating to the subject matter hereof, and supercedes any and all agreements, understandings and representations made prior hereto with respect to such matters.

7.8 Joint Effort. Preparation of this Agreement has been a joint effort of the parties, and the resulting document shall not be construed more severely against one of the parties than against the other.

7.9 Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

7.10 Counterparts. This Agreement may be signed in any number of counterparts. Each counterpart shall represent an original of this Agreement and all such counterparts shall collectively constitute one fully-executed document.

7.11 Successors and Assigns. Subject to Section 7.6 above, the rights and obligations of the parties under this Agreement shall be binding upon the parties' respective successors and assigns.

7.12 Exhibits. Exhibits A and B attached to this Agreement are hereby expressly incorporated herein by reference.

7.13 Existing Encumbrances. Lessee represents and warrants that there are no deeds of trust, mortgages or other security interests that encumber Lessee's interest in the Existing Lease or the Existing Premises except as disclosed in the Lender's Consent attached hereto, and that except for partnership consents that have been obtained by Lessee, no consent is required from any other person or entity as a condition to the effectiveness of this Agreement against Lessee and its interest in the Existing Lease and Existing Premises.

SIGNATURES ON FOLLOWING PAGE

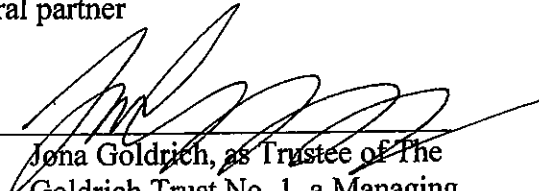
IN WITNESS WHEREOF, County and Lessee have entered into this Agreement
as of the day and year first written above.

THE COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

HOLIDAY-PANAY WAY MARINA, L.P.,
a California limited partnership

By: GKB Development Co., LLC, a
California limited liability company, a
general partner

By:  _____
Jona Goldrich, as Trustee of The
Goldrich Trust No. 1, a Managing
Member

ATTEST:

SACHI HAMAI,
Executive Officer of the Board of
Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.,
OFFICE OF COUNTY COUNSEL

By: _____
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: _____

LENDER CONSENT

The undersigned represents that it is the current beneficiary under that certain Deed of Trust With Assignment of Rents dated September 30, 1999, originally granted to Holiday Marinas, Inc., and recorded in the Official Records of Los Angeles County, California on October 1, 1999 as Instrument No. 99-187427 (the "Deed of Trust"), as assigned to the undersigned by Assignment of Deed of Trust dated January 31, 2001 and recorded in the Official Records of Los Angeles County, California as Instrument No. 01-0199678. As such current beneficiary the undersigned hereby consents to the foregoing Option to Amend Lease Agreement and agrees that the Deed of Trust is subject and subordinate to such Option to Amend Lease Agreement.

OVERLAND FINANCIAL COMPANY
LLC, a California limited liability company

By: _____


Jona Goldrich, Manager

AMENDED AND RESTATED LEASE AGREEMENT

by and between

County of Los Angeles

and

Holiday-Panay Way Marina, L.P.

(Parcel 21--Lease No. _____)

Dated as of _____

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